

**REQUEST FOR COUNCIL ACTION**

MEETING

DATE: 3/17/03

201,

AGENDA SECTION: PUBLIC HEARINGS	Continued from 10/7/2002	ORIGINATING DEPT: Public Works	ITEM NO. E-9
ITEM DESCRIPTION: Hearing: Sanitary Sewer to Serve Six Lots in Osjor Estates 3 <sup>rd</sup> Subdivision Area, J7707			PREPARED BY: J. Loehr

This is a Hearing to consider the following local improvement project:

**Project No. M2-33, J7707**

**"Sanitary Sewer to Serve Lots 1-3 and Lots 11-13 in Osjor Estates 3<sup>rd</sup> Subdivision Located on Oslo Court NE."**

The estimated construction cost and expense of this project are as follows:

Sanitary Sewer	\$ 40,000
Sewer Service Connections	3,461
Roadway restoration, Seed & Sod	21,154
Sub-Total	\$ 64,615
Engineering/Interest/Contingencies	19,385
Estimated Project Cost	\$ 84,000

The project is proposed to be funded from sewer connection charges (Utility Connection Agreements), and from sales tax revenue appropriated to the Water Quality Protection Program.

**Annexation**

The six lots are located outside the City limits in Haverhill Township.

Since the Haverhill Town Board indicates that they will not enter into an Orderly Annexation with the City of Rochester for annexation of the lots, the property owners are required to petition for annexation prior to the award of a contract for the project.

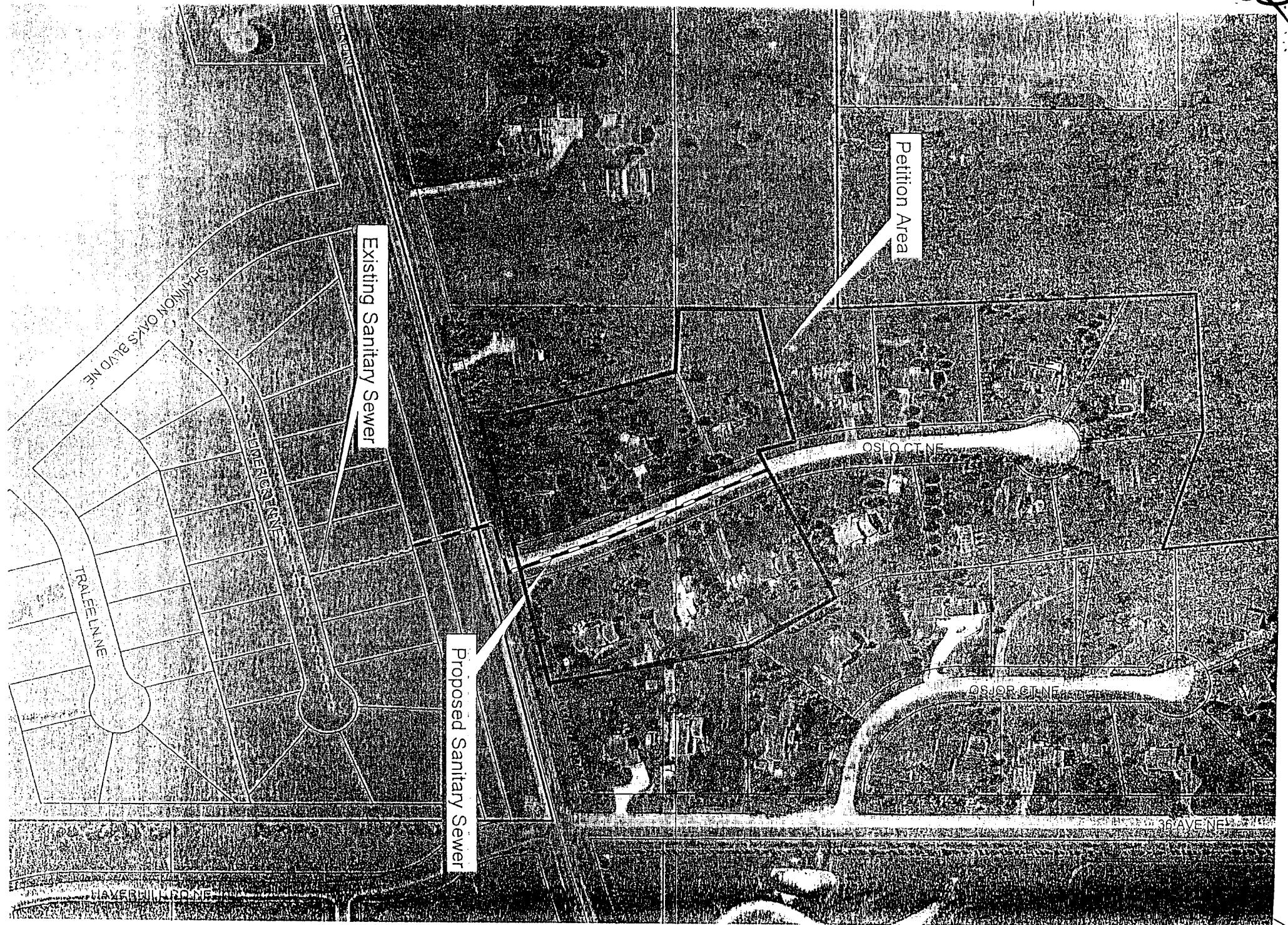
The property owners requesting City sewer service indicate that they will not petition for annexation until after January 1, 2003.

**COUNCIL ACTION REQUESTED:**

Continue the Hearing until such time as the City receives a petition for direct annexation of the property to be served by the project, but not later than the City Council's 2<sup>nd</sup> regularly scheduled meeting in March 2003.

Attachment: Feasibility Report  
Letter from the Haverhill Town Board

**COUNCIL ACTION:** Motion by: \_\_\_\_\_ Second by: \_\_\_\_\_ to: \_\_\_\_\_



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REPORT ON THE FEASIBILITY OF PROPOSED  
LOCAL IMPROVEMENT PROJECT

SANITARY SEWER TO SERVE LOTS 1-3 AND  
LOTS 11-13 IN OSJOR ESTATES 3<sup>RD</sup> SUBD.  
LOCATED ON OSLO COURT NE.

September 4, 2002

Honorable Mayor & Common Council  
City of Rochester, Minnesota

A petition for sanitary sewer and watermain to serve six lots in Osjor Estates 3<sup>rd</sup> Subdivision located on Oslo Court NE was forwarded by the City Council at their meeting of August 5, 2002 to the Public Works Department for the preparation of a Feasibility Report. The petition was checked and found to be in proper form and was signed by 5 of 6 property owners of lots containing a single-family residential dwelling. This represents 83.3 percent of the single-family residential lots within the Oslo Court Petition Area that are eligible to participate in the City of Rochester, Water Quality Protection Program adopted by the City Council on December 21, 1998.

Feasibility Report

We report that the above referenced project is feasible and recommend its construction. The location of this project is within an area of existing single-family residential development that currently lacks public sanitary sewer and watermain. A majority of the septic systems within the Area were constructed prior to the State of Minnesota and Olmsted County having any requirements or standards for construction of septic systems and wells. The lots are approximately 1/2 acre in size and are unable to absorb the nitrates created from the septic systems. There is an increasing threat of contamination to the City of Rochester's ground water supply as the existing septic systems and wells begin to fail. This project would allow property owners of lots containing existing single-family residential dwellings to connect to public sanitary sewer system rather than replacing their old systems when they fail.

The costs of this project are proposed to be recovered through sanitary sewer connection charges (Utility Connection Agreements), and sales tax revenue appropriated to the City of Rochester, Water Quality Protection Program for existing single-family residential lots.

The proposed project consists of the installation of 8-inch sanitary sewer lines to serve the six lots located on Oslo Court NE. Osjor Estates is currently served by a private water system. Therefore, the petition only requests sanitary sewer.

Public sanitary sewer is currently available on the south side of Viola Road NE in Shannon Oaks Subdivision. Sanitary sewer will be extended from that location to serve six lots on Oslo Court. Therefore, an extension of trunkline sanitary sewer is not required to serve the Petition Area.

The estimated construction costs and expenses of the project made without completed plans or survey are as follows:

Sanitary Sewer		\$ 52,000
Sewer Service Connection Stub-Outs	\$750 per service x 6 services	4,500
Roadway Restoration, Seed & Sod		<u>27,500</u>
Estimated Project Cost		\$ 84,000

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The estimated project costs are proposed to be funded as follows:

Utility Connection Agreements	\$9,500/lot x 6 lots	\$ 57,000
Sales Tax Revenue (see below)		<u>27,000</u>
Estimated Cost of the Project		\$ 84,000

Amount of sales tax revenue required for the Project:

Sales Tax (Rate Cap and per Lot Cap)	\$ 22,500
Sales Tax (Sewer Service Stub-Out Allowances) 6 services x \$750/serv	<u>4,500</u>
Estimated Amount of Sales Tax Funding Required for Project Construction	\$ 27,000

Estimated additional sales tax revenue required for work on private property

The 6 lots within the project area contain a single-family residential dwelling. These lots are eligible for *Allowances* through the Water Quality Protection Program as follows:

Sewer Service Lateral	6 lots x \$1,000 per lot	\$ 6,000
Septic Closure	6 lots x \$ 500 per lot	\$ 3,000
Private Force	3 lots x \$4,000 per lot	<u>\$ 12,000</u>
Estimated Amount of Sales Tax Revenue Required for <i>Allowances</i>		\$ 21,000
For Work on Private Property		

Estimated sales tax revenue required for construction of Project and *Allowances*

Estimated Amount Sales Tax Revenue for Construction of the Project	\$ 27,000
<u>Estimated Amount of Sales Tax Revenue Required for <i>Allowances</i></u>	<u>\$ 21,000</u>
Estimated Amount of Sales Tax Revenue Required for Construction of the Project	\$ 48,000
And <i>Allowances</i> for Work on Private Property	

Average Per Lot Subsidy and Per Lot Sewer Connection Charge

The maximum per lot sales tax subsidy for sanitary sewer only is calculated as follows:

$$\text{Maximum WQPP per lot subsidy for sewer only} = \$15,000 \times 37/70 = \$7,928.57/\text{lot}$$

Public Works recommends a maximum average per lot subsidy for this project be set at \$8,000.

Each of the six lots within the project petition area is subject to a minimum Sanitary Sewer Connection Charge of:

$$\text{Minimum Sanitary Sewer Connection Charge} = \$9,500 \text{ per lot}$$

In the event that the project cost is less than the estimated project cost of \$84,000 then the City's average per lot subsidy will be less than the maximum per lot subsidy of \$8,000. Each of the six properties will still be subject to a Sanitary Sewer Connection charge of \$9,500.

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In the event that the project cost exceeds the estimated project cost of \$84,000 then the City's average per lot subsidy will be \$8,000, and each of the six lots is subject to the minimum Sanitary Sewer Connection Charge of \$9,500, plus a proportional share of the project cost in excess of \$84,000.

Project Bids and Award of Contract

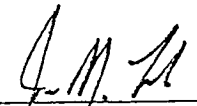
If the bids received for the project exceed the estimated construction cost of \$64,615 then the City will review the bids with each of the six property owners prior to the award of contract for the project. In the event that the owners choose not to proceed with the project then the City shall reject the bids.

We recommend that the necessary funding to construct sanitary sewer and service connections in the Oslo Court NE Petition Area be done so in accordance with the City of Rochester's existing sanitary sewer and watermain connection charge policies and the Water Quality Protection Program. Property owners that desire to participate in the Water Quality Protection Program and the benefits contained therein, are required to:

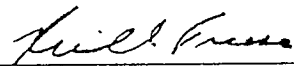
1. Enter into a Utility Connection Agreement with the City within three (3) years of the date the City awards a contract for the project.
2. Connect the existing single-family residential dwelling to the public sewer system within five (5) years of the date that the City awards a contract for the project.
3. Consent to annexation of their property consistent with the terms and conditions of an Orderly Annexation Agreement between the City of Rochester and Haverhill Township (Orderly Annexation Agreement is currently being reviewed by the Haverhill Town Board for their consideration).

In the event that an Orderly Annexation cannot be reached between the City and Haverhill Township each of six property owners must petition for annexation prior to a contract being awarded for the project.

Submitted for your consideration:

  
\_\_\_\_\_  
James M. Loehr,  
Water Quality Protection Program  
Project Manager

Approved:

  
\_\_\_\_\_  
Richard Freese,  
City Engineer

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BUDGET AND ASSESSMENT SCHEDULE  
FOR CONSTRUCTION CONTRACT

Project No: M2-33  
J No: 7707

Date (Orig.) 09/04/2002

Description: Sanitary Sewer to Serve Lots 1-3 and Lots 11-13 Osjor Estates 3<sup>rd</sup> Subdivision Located on Oslo Court NE

	Project Budget	Contract Cost	Final Cost
Construction			
<u>Sanitary Sewer</u>	<u>\$ 40,000</u>		
<u>Service Connections</u>	<u>3,461</u>		
<u>Roadway Restoration. Seed &amp; Sod</u>	<u>21,154</u>		
<u>Construction Cost</u>	<u>\$ 64,615</u>		
<u>Engineering/Interest/Contingency</u>	<u>19,385</u>		
<u>Total Construction &amp; Expense</u>	<u>\$ 84,000</u>		
Cost Distribution			
<u>Anticipated Utility Connection Agreements</u>	<u>\$ 57,000</u>		
<u>Sales Tax Funding</u>	<u>27,000</u>		
<u>TOTAL</u>	<u>\$ 84,000</u>		

Make Initial Disbursement from P. I. R. Fund